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ADMINISTERING THE CURE

Virgin Australia CEO Paul Scurrah following his prescription for airline group's recovery

Orient aviation 26 YEARS

ATR pitches SKOL 42-600s for Asia's high country airlines

Nok Air co-founder, Patee Sarasin, launches "tell all" tale of life at the top of the Thai LCC

Orient Aviation's Tom Ballantyne honored with a lifetime achievement award at the inaugural Asia Media Awards in Singapore

ORIENT AVIATION MEDIA GROUP
17/F Hang Wai Commercial Building,
231-233 Queen's Road East,
Wanchai, Hong Kong
Editorial (852) 2865 1013
E-mail: info@orientaviation.com
Website: www.orientaviation.com
Mailing address:
GPO Box 11435 Hong Kong

Publisher & Editor-in-Chief
Christine McGee
E-mail: christine@orientaviation.com

Associate Editor & Chief Correspondent
Tom Ballantyne
Tel: (612) 9638 6895
Fax: (612) 9684 2776
E-mail: tomball@ozemail.com.au

North Asia Correspondent
Geoffrey Tudor
Tel: (813) 3373 8368
E-mail: tudorgeoffrey47@gmail.com

Photographers
Rob Finlayson, Graham Uden, Ryan Peters

Chief Designer
Chan Ping Kwan

Printing
Printing Station(2008)

ADMINISTRATION

General Manager
Shirley Ho
E-mail: shirley@orientaviation.com

ADVERTISING

Asia-Pacific, Europe & Middle East
Christine McGee
Tel: (852) 6438 3379
E-mail: christine@orientaviation.com

The Americas / Canada
Barnes Media Associates
Ray Barnes
Tel: (1 434) 770 4108
Fax: (1 434) 927 5101
E-mail: barnesrv@gmail.com
ray@orientaviation.com

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COVER STORY

V-shaped or pear-shaped economy ahead?

Little more than two months ago, the Asia-Pacific airline industry was looking at the beginning of 2020 with measured optimism. The International Air Transport Association (IATA) was predicting another 12 months of improved profitability and airline chiefs in the region were buoyed by an easing in trade war tensions between the U.S. and China, a key to improvement in the struggling and important air freight sector.

But that optimism has been dashed as the region's largest aviation market, China, reels from the impact of the Novel Coronavirus epidemic, or COVID-19, on commercial airline business. It is now clear the epidemic is worse than the SARS (Severe Acute Respiratory Syndrome) outbreak in 2003.

There have been more deaths and more victims of the virus. To a great extent, China has been isolated from the rest of the world with many countries barring its citizens from entry. But thousands of cases have been confirmed across the region, in Japan, Singapore, Thailand, Korea, Australia and most recently, in the Gulf states and Europe. The virus has taken hold in dozens of countries well beyond the Asia-Pacific.

Billions of dollars have been wiped from the economies of Asia-Pacific nations which rely heavily on Chinese tourists and business. Airlines of course, have become a major casualty as passenger numbers plummet.

IATA's preliminary estimate is the region's airline industry is facing potentially US$57.3 billion in losses for the year. It will be the first annual decline in global passenger demand since the Global Financial Crisis of 2008-2009. There has been little that airlines can do to handle yet another event totally outside their control but to cancel flights, rearrange schedules and remove capacity from their operations.

Qantas Airways Group CEO, Alan Joyce, has gone as far as suggesting some airlines may not survive the crisis. Whether that happens remains to be seen, but the damage to the bottom line, particularly for those already struggling financially, will be significant.

If there are airline victims, it will probably depend on how long the outbreak lasts. As usual, carriers have responded to the emergency in the way they always do by lending a helping hand. They are making risky flights into China to rescue their stranded nationals or flying in medical supplies to hospitals treating victims.

Historically, the airline industry has proven to be resilient, but this period will be a severe test of their ability to overcome yet another crisis. Right now, we can only hope the SARS experience is repeated and that the crisis will last for no longer than six months, followed by a rapid return to normality. ■

TOM BALLANTYNE
Associate editor and chief correspondent
Orient Aviation Media Group

Boeing blues add gloss to Airbus success

While Airbus was reluctant to make any direct comment about rival Boeing's misfortunes with the 737 MAX at the Singapore Airshow last month, it was not slow to herald the spectacular improvement in its market share in 2019.

With the U.S. manufacturer reporting not a single jet sale in January, Airbus senior vice-president for marketing, Francois Caudron, said at a briefing at the airshow the European now leads its rival in all segments of the Asia-Pacific.

In 2019 Airbus wrote 460 orders compared with 46 for Boeing, giving the Toulouse manufacturer a 91% market share. It also delivered 373 aircraft, compared with 109 deliveries for Boeing. In the single-aisle sector, Airbus has a backlog of 1,853 jets (64% share), compared with Boeing's 1,026 (36% share).

At the Singapore briefing, Caudron forecast sales of its A321XLR (Extra Long-Range) would exceed 1,000 within the next ten years. Launched at the Paris Air Show last year, firm orders for the type stand at 450. He said the XLR is proving popular in the Asia-Pacific, with five customers placing orders, including AirAsia, Cebu Pacific, Qantas Group and VietJet Air.

"The world and the airlines are just waking up to the capability of the aircraft," he said. "Having produced the technical solution that delivered the performance, it works and the customers immediately placed orders.

"I would not be surprised to see more than 1,000 XLRs being sold because this is changing the way airlines are going to operate."

More orders are in the pipeline. Hong Kong-based China Aircraft Leasing Group CEO, Mike Poon, said during the show the lessor was considering an order for the long-range jet although a decision would likely not be made until next year. The lessor also is looking at the smaller A220.

Separately, in Montreal, during a visit to the company's A220 factory, Airbus CEO, Guillaume Faury, said last month Airbus planned to invest between US$539 million and $1.08 billion this year in the A220 program.

Last month Airbus increased its equity in the A220 program, known as Airbus Canada, to 75% from 50.1%, It teamed up with the government of Quebec province to buy Bombardier's 33.5% holding. Sales of the aircraft have been surprisingly successful since Airbus took charge of the A220 program, formerly the Bombardier CSeries, with an order book of 658 with 107 of the type delivered. ***By Tom Ballantyne.*** ■

Associate editor Tom Ballantyne named inaugural lifetime achievement winner at 2020 Aerospace Media Awards ASIA

Tom Ballantyne, associate editor and chief correspondent of the Orient Aviation Media Group, who has a career spanning 45 years of international journalism, received the inaugural 2020 Aerospace Media ASIA Lifetime Achievement Award at a presentation dinner in Singapore last month.

Born in Edinburgh in 1947, Tom's first job in the newspaper business was as a copy boy at the Scottish Daily Mail. Later, as a young journalist, he honed his craft at several Scottish publications before he decided to head for Africa and Australia.

In the early 1970s, he worked as a war correspondent for the Argus Africa News Service (AANS), reporting from Zimbabwe, Zambia and Malawi and the territories of Angola and Mozambique during that turbulent period in African history.

In 1975, he accepted an offer from one of Australia's premier media groups, the Sydney Morning Herald, where he spent the next 18 years covering issues from industrial relations and crime to politics and defence.

After three years as the newspaper's chief of staff, in charge of 300 journalists, he was appointed aviation editor in 1989. In his new role, he authored Breakfast in Bali, a humorous travel tale Supper at the Savoy, A Year of Good Weekends and co-authored another humorous travel book, Passengers Who Make Your Flight Hell! The Lighter Side of Flying.

Building a reputation as a specialist writer on international aviation, he resigned from the Herald in 1994, working as Asia correspondent for London-based Airline Business magazine before his appointment as chief correspondent at Orient Aviation.

Tom is a regular contributor to aviation news on television and radio in Australia, Asia, the Middle East and the UK, including BBC World, Al Jazeera and CNN, and is a frequent moderator at aviation conferences.

He won the prestigious GE Aircraft Engines Award for the Best Air Transport Submission at the Royal Aerospace Society's Journalist of the Year Awards in London in 1998. Two years later, he was a double winner at the Australian National Aviation Press Club annual awards, where he was named the country's Aviation Writer of the Year as well as the author of the Best Aviation Feature Story of the Year. He has since won the latter award another five times.

Said Orient Aviation Media Group publisher and editor-in-chief, Christine McGee: "The best thing about Tom, apart from the fact he can write 3,000 words faster than anyone I have met, is he is such a lovely guy. We are so fortunate to have a person of his knowledge, skill and team spirit heading our editorial team." ■

COVID-19 new obstacle to Air India sale

The Indian government's second attempt to sell its debt-ridden national flag carrier, Air India, could be stymied by the COVID-19 virus outbreak, the International Air Transport Association's (IATA) chief economist, Brian Pearce, said during a recent two-day workshop in Singapore that examined the impact of the outbreak on the industry.

Air India's disinvestment process might be "quite difficult at this moment" and overall, it was going to be "very difficult times" for Indian airlines, Pearce said. "Clearly, the international market for Indian carriers is going to be a lot weaker and inbound tourist traffic is going to be hit very hard by the effect of the coronavirus crisis," he said.

Pearce forecast more consolidation among Indian airlines because of COVID-19 and added "privatization of Air India is a necessary step for the long-term for the Indian market", but noted equity markets already are quite weak.

The Indian government hopes to sell 100% of the loss-making carrier. On January 27, it issued a Preliminary Information Memorandum (PIM) for Air India disinvestment, proposing the sale of the carrier as well as budget airline, Air India Express, and the 50% holding in AISATS, an equal joint venture with Singapore.

This is the government's second attempt to sell off Air India. One development that may help the sale is Non-Resident Indians (NRIs) are permitted to own up to 100% of the two airlines. ■

DEALING WITH THE DEMON DISEASE

Predictions of another profitable year for Asia-Pacific airlines have been torn up as the Novel Coronavirus outbreak, or COVID-19, is forecast to produce losses of up to US$57.3 billion at the region's airlines. Associate editor and chief correspondent, Tom Ballantyne, reports.

As the coronavirus, COVID-19, spreads globally, battering airlines in the process, the International Air Transport Association (IATA) has taken the unusual step of asking global regulators to immediately suspend the rules of airport slot allocation for the entire 2020 cycle.

The importance of the campaign became clear at press time when the airline association upgraded its worst case scenario estimate of losses at the world's airlines from COVID-19 at US$113 billion. Asia-Pacific carriers would suffer almost 50% of the figure in contracted revenues of $57.3 billion, IATA predicted.

"IATA research has shown traffic has collapsed on key Asian routes. This is rippling through the air transport network globally even between countries without major outbreaks of COVID-19," said IATA director general and CEO, Alexandre de Juniac, at the turn of the month.

"There are precedents for suspension of the slot use rules and we believe the circumstances again call for a suspension to be granted. We are calling for regulators worldwide to help the industry plan for today's emergency and the future recovery of the network by suspending the slot use rules on a temporary basis," he said.

Around 43% of all passengers depart from more than 200 slot coordinated airports around the world. At present, the rules for slot allocation require airlines to operate at least 80% of their allocated slots. Failure to comply results in the loss of an airline's right to the slot for the next equivalent season. With thousands of flights being cancelled worldwide, dozens of carriers would not be able to comply with the rule.

De Juniac said the world is facing the huge challenges of preventing the spread of COVID-19 and keeping the global economy functioning. "Airlines are on the front line of that challenge. It is essential the regulatory community works with us to ensure airlines can operate in the most sustainable manner, both economically and environmentally, to alleviate the worst impacts of the crisis," he said.

IATA made its appeal as airlines continued to slash capacity, cancel flights and ground aircraft across the

Asia-Pacific to counter market conditions of collapsing demand and plummeting airline share prices.

In February, IATA forecast the region's airlines faced potential losses of $27.8 billion in 2020 from the COVID-19 outbreak. By March 5, the association had forecast losses to the region's airlines as high as $57.3 billion. Collectively, Australia, China, Japan, Malaysia, Singapore, South Korea, Thailand and Vietnam could lose up to $49.7 billion and the rest of the Asia-Pacific $7.6 billion.

At the time of writing, there were 101,000 plus diagnosed cases of COVID-19 worldwide, and rising, and more than 3,600 deaths.

Chinese airlines have been the worst victims of the virus outbreak, but airlines with significant business on and from the Mainland also are in crisis mode. The Hong Kong-headquartered Cathay Pacific group, already hard hit by eight months of civil unrest in the Special Administration Region, had parked 127 aircraft by the beginning of March and cancelled 75% of its flights for the month. Cathay said 25,000 of its 27,000 employees have taken up the company's offer of unpaid leave.

Rival carrier, Hong Kong Airlines, is in near death mode as forced redundancies of more than 400 staff are activated, its feeder market from China has evaporated and commitments to loans falling due are not being met.

Apart from airlines slicing through schedules to stay alive, every other sector of the travel industry is unraveling from lack of customers fearing infection outside the security of their homes. Mainland tourists into Hong Kong declined by 92% in January and came to a standstill when Hong Kong closed all borders except at the Hong Kong International Airport, the border crossing at the Hong Kong-Macau and Zhuhai Bridge and Shenzhen Bay.

Apart from the disappearance into thin air of Mainland tourists, a 93% decline in January, the local customers who kept Hong Kong's hospitality and retail industries operating 24/7 also evaporated in the last week of January, retreating from their offices to work from home – with the encouragement of their employers.

In February, China's Harbin Institute of Technology said COVID-19 had cost the Chinese economy US$505.07 billion since the outbreak began late last year. Of the first four tier cities in China – Beijing, Guangzhou, Shanghai and Shenzhen – the outbreak has had a minimum impact on the GDP of Shenzhen, the institute said.

Analysis of infection data and China residents' intra-city trips in 200 cities revealed the infected number of people had a positive correlation with the per capita GDP of the city.

This meant, the researchers said, a Chinese city with higher average GDP per capita usually had more infected cases of the virus.

The World Health Organisation (WHO) has held back from declaring the crisis a pandemic, but several nations have ignored this advice and put emergency measures in place.

Most recently, Japan's prime minister, Shinzo Abe, announced visitors arriving in Japan from South Korea, China, Hong Kong and Macau would be put under mandatory quarantine for 14 days after entry to the country. Japan is one of the most popular tourism destinations in the region, especially for Korean and Chinese citizens. The region's LCC sector is expected to be especially hard hit by the Abe decision.

IATA said the bulk of the revenue depletion would be borne by Chinese carriers, with an estimated $12.8 billion lost in the China domestic airline market alone. The association had predicted three months ago that Asia-Pacific airlines were heading for US$6 billion in profits for 2020, a forecast now less attainable, although it is too early to accurately estimate COVID-19's impact on eventual profitability.

"We don't know exactly how the outbreak will develop and if it will follow the same profile as SARS (the Severe Acute Respiratory Syndrome pandemic which struck in 2003) or not," said de Juniac.

IATA's estimate of the damage COVID-19 will do assumed the centre of the public health emergency remained in China. "If it spreads more widely to Asia-Pacific markets then impacts on airlines from other regions would be larger," de Juniac said.

Such a situation is developing. The virus has spread to more than 80 countries and forward bookings are severely impacted beyond China. Korea also is hard hit with 25 countries placing restrictions for entry on Korean travelers.

IATA's latest research revealed many carriers were reporting 50% no-shows across several markets and future bookings were softening. Carriers are reacting with measures such as crew taking unpaid leave, freezing of pay increases and scores of aircraft being parked. Leading by example, Singapore Airlines CEO, Goh Choon Phong, will take a 15% pay cut from this month.

"Given these extraordinary circumstances as a result of the public health emergency, the collective view of the airline industry is the application the 80% rule during the upcoming season is inappropriate. Flexibility is needed for airlines to adjust their schedules according to extraordinary demand developments," IATA said.

Regulators have been waiving the slot rules on a rolling basis since the outbreak "Given the recent further outbreaks this is no longer contained to the Asia markets. Without certainty that these waivers will continue for the summer season (winter in the southern hemisphere), airlines are unable to plan ahead to ensure efficient rosters for crew and deployment of aircraft," IATA said.

Suspending slot requirements for the entire season, to October 2020, would mean airlines could respond to market conditions with appropriate capacity levels, avoiding any need to run empty services to maintain slots. Aircraft could be reallocated to other routes or parked and crew could have certainty with their schedules," IATA said.

OAG, a provider of digital flight information, intelligence and analytics, said China, previously the third largest international aviation market in the world, had fallen down the table to 25th by February 7, just behind Portugal and slightly ahead of Vietnam.

Since January 27, international capacity from China was reduced by 270,000 seats a week, an overall near 80% decline from an average previous weekly capacity of 1.7 million seats. But by the beginning of March, 2.9 million scheduled seats, or 18,200 flights, had been put back into the Chinese domestic market, positioning China as the second largest market in the world.

Elsewhere in the region, the impact of COVID-19 is accelerating. Korea has seen a 21% reduction in airline seat capacity and Hong Kong another 22% drop since January 20. Capacity has collapsed by 71% in the Hong Kong market alone.

The strength of the Japanese domestic market has provided a degree of protection to the locally based airlines. All Nippon Airways (ANA) capacity is down by 2.7% since January 20 and Japan Airlines by 5.3%. However, both airlines have made more cuts to their services in recent weeks.

Across the world major airlines such as British Airways, Lufthansa, Air Canada, all the big U.S. carriers and the Gulf airlines have cancelled or suspended hundreds of flights to and from the Asia-Pacific as passenger numbers tumbled.

For the region's airlines, the health crisis is nothing short of disastrous, arriving as it has just after the damaging U.S.-China trade war had reached a partial resolution. The ban on Chinese travelers, who are vital to the tourism industry of many countries, has brought economic gloom to many countries.

Mainland visitors are the number one source of tourist arrivals in Thailand and Australia and high on the list in Korea, Malaysia, the Philippines and Japan. Bans against their travel removes billions of dollars from all sectors of the travel industry, including many airlines that have very large numbers of Chinese customers.

The International Civil Aviation Organization (ICAO) estimated Japan could lose $1.29 billion in tourism revenue, followed by Thailand at $1.15 billion, as a result of the coronavirus outbreak.

IATA's grim outlook followed ICAO preliminary forecasts earlier in the month that in the first quarter of this year global airlines would record an overall reduction in passenger capacity of 39% to 41%, equivalent to 16.4 million passengers. This compared with a forecast of 19.6 million passengers for the period.

The decline equated to a potential reduction of $4 billion to $5 billion in gross operating revenue for airlines worldwide. ICAO said more than 70 airlines had cancelled all international flights to and from China and another 50 airlines had curtailed related air operations.

ICAO said COVID-19's impact is expected to be greater than the SARS epidemic in 2003 in light of the higher volume and greater global extent of the flight cancellations this time around.

"Seasonal passenger load factors are another extenuating factor as is the fact China's international air traffic has doubled, and its domestic traffic increased five-fold, since the 2003 period," ICAO said.

In February, Qantas Airways Group CEO, Alan Joyce, said the carrier had made an underlying profit of $512.1 million in the first six months of its current year, but warned COVID-19 could cost it close to $100 million. He predicted weaker airlines in the region either would have to consolidate "or go out of business".

A Singapore Airlines statement said: "Demand for services to Mainland China has been severely affected. The Parent Airline Company and SilkAir have drastically reduced frequencies on all Mainland China routes in February and March 2020, while Scoot has suspended all flights to Mainland China until March 28 2020, the end of the northern Winter 2019/20 operating season."

Korea's Asiana Airlines, already in financial trouble, has reduced 79% of its China routes and 25% of flights to Southeast Asian countries. Korea's budget airlines, including Jeju Air, T'Way, Easter Jet, Air Seoul and Air Busan, all heavily dependent on Chinese traffic, have suspended flights to the Mainland.

Vietnam Airlines and LCC Vietjet, Indonesia's Garuda and Lion Air also suspended all services to China.

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Another casualty of the outbreak was Singapore's biennial air show, which went ahead last month. Normally a big contributor to Singapore's economy, more than 70 exhibitors withdrew at the last minute. The exhibitor dropout rate was shadowed by a decline in visitor numbers, especially from outside the region. They feared delays in returning home if flights were cancelled and they would be required to self-quarantine after returning from the region.

Speaking during the airshow, Boeing senior vice president of commercial global sales and marketing, Ihssane Mounir, said there was "no question" the outbreak would "hammer" the aviation industry and the broader economy.

"You have several global airlines that have limited their traffic in and out of China, that's revenue. You have business trips not happening, you have cargo not going in and out. It will have an impact on the economy. It will have an impact on revenues. It will have an impact on these carriers. There's no question about it," he said.

Just how important China is to regional and global tourism and therefore airlines, is illustrated by GlobalData, a leading research and consulting company. Its director of Automotive and Travel & Tourism Consulting, Animesh Kumar, said the impact of the coronavirus outbreak is being felt by several countries across the globe, but it is likely to be severe in case of tourism-dependent countries across Southeast Asia.

"China accounted for about 12% (159 million) of global outbound travellers in 2019. The Chinese outbound market recorded the second highest spending in 2019, at $275 billion. The key destinations for China outbound travellers are Cambodia, Hong Kong, France, Japan, Macau, Malaysia, Singapore, South Korea, Taiwan, Thailand, Vietnam and the U.S. In all of these markets a big spending Chinese tourist has been hard to come by in recent months," he said.

"The impact of the virus extends to China's inbound tourism industry because so many airlines have cancelled their flights to China. The size of the inbound tourism market was more than $130 billion in 2019. The impact has been especially severe as the virus outbreak coincided with the peak holiday season, the Chinese Lunar new year."

IATA said its estimates are based on a scenario where COVID-19 has a similar V-shaped impact on demand as experienced during SARS. It had a six-month period of sharp decline followed by an equally quick recovery. In 2003, SARS was responsible for a 5.1% fall in the RPKs carried by Asia-Pacific airlines.

The latest assessment of the impact of COVID-19 shows a potential 13% full-year loss in passenger demand for carriers in the region. Considering growth for the region's airlines was forecast to be 4.8%, the net impact will be an 8.2% full-year contraction compared with 2019 demand levels, IATA said.

"We estimate global traffic will be reduced by 4.7% by the virus, which could more than offset the growth we previously forecast and cause the first overall decline in demand since the Global Financial Crisis of 2008-2009," said de Juniac.

"Airlines are making difficult decisions to cut capacity and in some cases routes. Lower fuel costs will help offset some of the lost revenue. This will be a very tough year for airlines."

De Juniac said airlines have developed standards and best practices linked to the International Health Regulations (IHR) to manage effectively and efficiently in times of public health emergencies.

"Airlines, therefore, depend on governments to follow the IHR so we have an effective global approach to containing the outbreak. We have learned a lot from previous outbreaks and that is reflected in the IHR. Governments need to follow it consistently. It is also important for governments to take leadership in shoring up their economies.

"The Singapore government, for example, is allocating S$112 million (US$80 million) to provide financial relief to airlines struggling to economically maintain connectivity. Airlines and governments are in this together." ■

Etihad group recovery derailed by virus outbreak

Abu Dhabi's Etihad Airways significantly reduced its losses last year, but the airline group still has a long journey to profit. It reported a deficit in 2019 of US$870 million compared with $1.28 billion in 2018, a result the company credited to reduced operating costs.

Last November, the carrier said it aimed to return to profit in 2023, a forecast now in doubt as COVID-19 spreads to Europe, routes critical to Etihad's hub transit traffic.

Etihad had a fleet of 101 jets, 95 passenger aircraft and six cargo freighters at the end of 2019 compared with 106 airplanes in December 2018. The airline group plans to sell 22 A330s and 16 777-300ERs to private equity firm, KKR, and Altavair AirFinance, for $1 billion.

"There's still some way to go, but progress was made in 2019. Cumulatively since 2017, it has instilled in us a renewed vigour and determination to push ahead and implement the changes needed to continue this positive trajectory," said

Etihad Aviation Group CEO, Tony Douglas.

"Operating costs were reduced significantly and yields and load factors increased despite passenger revenue being down due to network optimization."

Douglas said the lower costs would offset "pressures faced by the business" and give Etihad headroom to invest in technology and sustainability initiatives. The Abu Dhabi-based airline group launched its turnaround strategy in 2017 after it accrued billion dollar losses from investments in international airlines under the leadership of James Hogan, who was forced out of the group as a result of the failed strategy. ■

Etihad Airways signs IATA pledge for gender equality

Etihad Airways is the first Gulf carrier to pledge to increase its female staff by 2025 in a commitment to the International Air Transport Association's voluntary '25by2025' campaign. It also announced its business class nomenclature will be changed to reflect gender diversity goals.

Etihad said it has launched a social media campaign "which champions the airline's bid for equality by introducing gender-inclusive language for one of its cabin classes. The Arabic translation of Business Class, Business Man Class, has been changed to more neutral language to include the growing number of women in senior positions travelling premium, Etihad said.

Thirty six per cent of Etihad's managerial staff are women and 50% of Etihad's UAE national staff are female. In 2019, the airline launched an Emiratisation strategy that is focused on developing talent in technical and specialised aviation roles. Earlier this year, Fatima Alhammadi became the first female Emirati to graduate as a fully qualified B1 Aircraft Maintenance Engineer from Etihad's Technical Engineer Development Programme, a training program that began 13 years ago.

Etihad's chief human resources and organisational development officer, Ibrahim Nassir, said: "One of our strengths is the diversity of our

world-class pilots. We value all of our pilots equally. Gender is simply not a factor when it comes to remuneration. We also are pleased our pipeline of female pilots, who contribute significantly to both Etihad and our community, is growing rapidly. It is something we will continue to invest in."

Last September IATA launched its voluntary 25by2025 campaign to increase gender diversity in the aviation industry. Its goals are:

* *Increase the number of women in senior positions at airlines to a minimum of 25% by 2025*

* *Increase the number of women in under-represented jobs, including pilots and operations, also to a minimum of 25% by 2025*

* *Report annually on key diversity metrics*

"There is no comprehensive airline industry-wide gender diversity statistical report. But with women representing around 5% of the global pilot population and 3% of CEOs the gender imbalance is clear," said IATA director general and CEO, Alexandre de Juniac, when he launched the campaign.


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IN AUSTRALIA'S NONSENSE CEO TTING DEEP TO URN TO PROFIT

Approaching 12 months in charge and facing enormous challenges, Virgin Australia (VA) CEO, Paul Scurrah, remains confident the group is on track to profitability after years of losses. Just when, he won't say. But Australia-wide bush fires, civil unrest in Hong Kong and the coronavirus outbreak have not dented his belief the carrier can make money reports Associate editor and chief correspondent, Tom Ballantyne, from Sydney.

The unpredictable nature of the airline industry is no stranger to Virgin Australia (VA) CEO, Paul Scurrah, 52. But even for him, the first 12 months of his tenure at the helm of the group has been as challenging as it gets. In the peak season travel cycle for the region, the worst bushfires in Australia's history were raging across Australia as anti-government protests in Hong Kong, the only Asian destination VA operated with its own metal, had paralysed the Special Administrative Region.

To cap it all, the Novel Corona virus, COVID-19, struck at the heart of the region's airline networks, throwing the entire industry into crisis.

"It is," Scurrah said, "something no-one could have predicted. It has been a baptism of fire, without a doubt."

On the other hand, he was pragmatic about the situation. "There is enough evidence, if you look back over time, to tell you this [period] is not a one-off. The nature of the crisis might be different but there always are challenges and shocks thrown at the airline industry.

"You have to come into the job with your eyes wide open to that possibility. If you know it's a possibility, then you have to prepare for that scenario to happen. My focus is to make sure the airline is as resilient as it possibly can be and well prepared to deal with the shocks."

They have been shocks he could have done without. When Scurrah succeeded John Borghetti as VA's CEO 12 months ago, he was tasked with turning around a carrier that had lost around $1.3 billion in seven years and had a share price sitting at an all-time low.

Rejuvenating VA and giving its international shareholders -China's Nanshan Group and HNA Group, Singapore Airlines, Etihad Airways and Sir Richard Branson's Virgin Group- some hope of a return on their investment was a tall order.

But if experience was anything to go by, Scurrah was the man for the job. He has had years of it in the airline, travel and transport industries.

Speaking to Orient Aviation after the announcement of VA results for the first half of its current financial year, ended December 31, he said: "The first half of the financial year was the start of a period of significant change and transformation, specifically business transformation, for Virgin Australia," he said.

"Last August, we announced some of the first major steps in resetting our cost base and improving the structure of the business. These are beginning to come through. We expect momentum to continue in the second half, but we will take the full run rate of these initiatives into the beginning of fiscal year 2021 from a cost perspective."

In the past six months, he explained, VA had built an entirely new leadership team, moved to simplify the group structure and started reducing the workforce by 750.

"We're in the process of reviewing our suppliers and the associated agreements. We will continue making the important changes to our routes and our fleet. We also took back full ownership of the fast-growing Frequent Flyer program, Velocity," he said

"We now retain 100% of its strong cash flow as well as capture significant synergies. And we have done all this while we still increase revenue.

"We are still growing passenger numbers and improving the important measure of revenue per available seat kilometer (RASK). We also are delivering a great and improving customer experience, along with our on-time performance, which sees us as the most reliable major airline in the country.

"On the customer satisfaction side our score is at its highest level for four years. That's progress. I am really pleased, but there is much more to do to deliver a much lower cost base and get our business into a profitable position."

VA's interim results revealed the black ink is not yet flowing. While there was an underlying profit before tax of A$9.5 million (US$6.2 million), after tax losses were $65.7 million, nearly double the $36.2 million deficit in the same period a year ago. Despite this, VA increased revenue by $30.7 million in soft market conditions.

For Scurrah these results were not a cause for gloom, although he would not be drawn on a timetable for a return to profitability at the carrier. "I've said from the day I walked in the door the return to profitability was not an overnight proposition. We are focused on getting there as soon as we possibly can," he said.

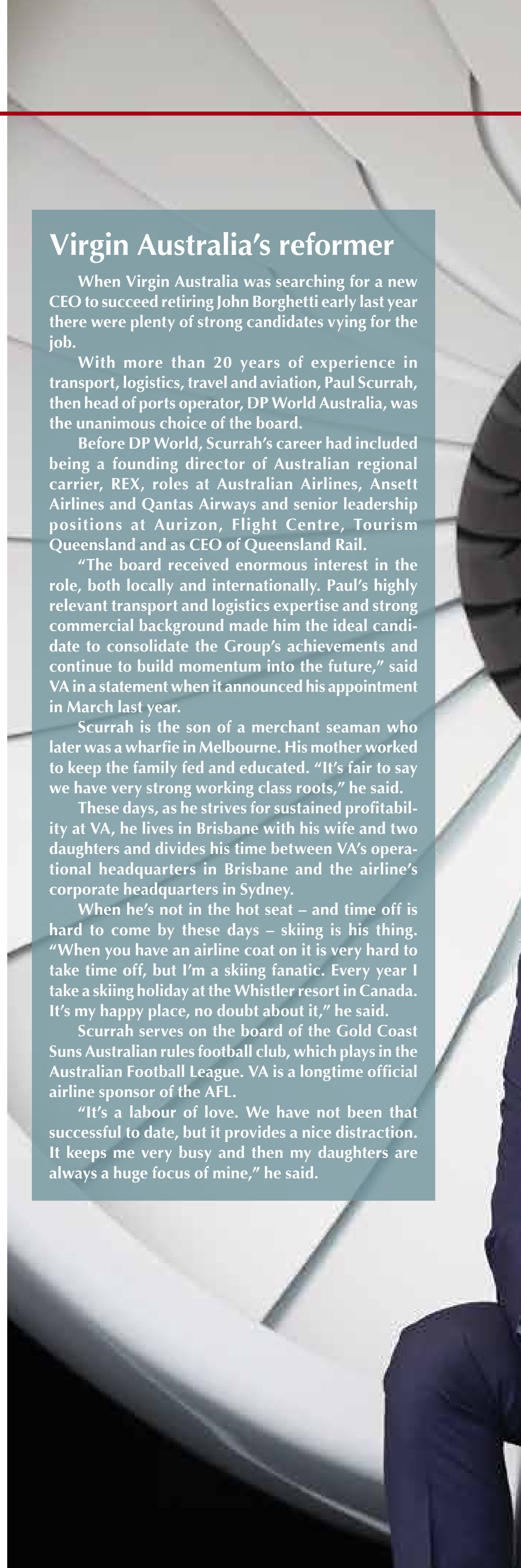
"It is too early to say exactly when that will be, particularly with the uncertainty around. But the progress we are seeing, given the market returns to some sort of normality, indicates we can say confidently it is going to happen."

The prospects of profits are looking better as savings from its cost reduction program flow through to the balance sheet. Staff cuts and the review of supplier contracts are on track to generate a combine $81.9 million in annualized savings in the 2021 financial year.

The elimination of 750 staff jobs will be completed by the end of June. "These are difficult changes for our teams but they are necessary to improve financially," said Scurrah.

As well as biting the bullet on staff redundancies, he pushed through major strategic changes to the group, including downsizing the group's fleet and network adjustments.

One of Scurrah's first challenges not long after he took over from Borghetti was the global grounding of the 737 MAX. VA had 48 of the type on order, but luckily, none had been delivered.



Virgin Australia's reformer

When Virgin Australia was searching for a new CEO to succeed retiring John Borghetti early last year there were plenty of strong candidates vying for the job.

With more than 20 years of experience in transport, logistics, travel and aviation, Paul Scurrah, then head of ports operator, DP World Australia, was the unanimous choice of the board.

Before DP World, Scurrah's career had included being a founding director of Australian regional carrier, REX, roles at Australian Airlines, Ansett Airlines and Qantas Airways and senior leadership positions at Aurizon, Flight Centre, Tourism Queensland and as CEO of Queensland Rail.

"The board received enormous interest in the role, both locally and internationally. Paul's highly relevant transport and logistics expertise and strong commercial background made him the ideal candidate to consolidate the Group's achievements and continue to build momentum into the future," said VA in a statement when it announced his appointment in March last year.

Scurrah is the son of a merchant seaman who later was a wharfie in Melbourne. His mother worked to keep the family fed and educated. "It's fair to say we have very strong working class roots," he said.

These days, as he strives for sustained profitability at VA, he lives in Brisbane with his wife and two daughters and divides his time between VA's operational headquarters in Brisbane and the airline's corporate headquarters in Sydney.

When he's not in the hot seat – and time off is hard to come by these days – skiing is his thing. "When you have an airline coat on it is very hard to take time off, but I'm a skiing fanatic. Every year I take a skiing holiday at the Whistler resort in Canada. It's my happy place, no doubt about it," he said.

Scurrah serves on the board of the Gold Coast Suns Australian rules football club, which plays in the Australian Football League. VA is a longtime official airline sponsor of the AFL.

"It's a labour of love. We have not been that successful to date, but it provides a nice distraction. It keeps me very busy and then my daughters are always a huge focus of mine," he said.

Scurrah quickly delayed their arrival and upsized 15 of the orders from the MAX 8 to the MAX 10, revising its order to 25 MAX-10s and 23 MAX-8s, with first delivery scheduled for mid-2022.

He also has pulled VA out of Hong Kong, a service that had been re-instated, after an earlier suspension, before Scurrah' s arrival. The route had lost more than $85 million since its re-launch with more than $22 million of that sum in the latest first half.

He was quick to point out Hong Kong's civil unrest and latterly COVID-19 accelerated the decision to withdraw from the route, although they were not the only factors.

"It was always going to be a difficult task to succeed there, even in good times. There was the circumstance where our competitors at that end and this end - the biggest player in Australia and the biggest player in Hong Kong, Qantas Airways and Cathay Pacific Airways, respectively, were allowed to co-ordinate and use their 93% share of the market to make it very difficult for us there," he said.

"We were not happy nor did we agree with that circumstance being permitted, but that was the case."

Scurrah said he was unable to speculate about the circumstances going forward on the route, but emphasized VA would be "pretty non-emotive" about returning to Hong Kong should the circumstances change dramatically.

Next on the agenda is VA's launch to Tokyo Haneda on March 29, ahead of the Tokyo Olympics in June and July. The airline is forging a strong relationship with All Nippon Airways (ANA).

Despite the apparently worsening COVID-19 situation across the region, including Japan, for the time being at least Scurrah is confident about the launch and told Orient Aviation forward bookings had shown no sign of weakening.

"When you run an airline you have to keep a day-to-day watch on everything. You have to be prepared to make some hard and quick decisions. We can only work with the information we have at hand. We have very strong support from Tokyo and its holding," he said.

"If you compare the numbers with what we were running in Hong Kong, there is no comparison. And the circumstances also are very different. We have a very strong partner in ANA. We have reciprocal rights coming [to us] from a Frequent Flyer point of view and code-sharing. We know all these factors will help make it a successful market.

"Should those circumstances change we won't be afraid to make hard decisions. Having said that, we are very committed to the route. We believe very strongly in the Japanese market and very strongly in the prospects for the future. We will do everything we can to make sure it succeeds."

Fleet simplification has been a critical element of VA's re-engineering, particularly at its LCC, Tigerair Australia. The budget carrier operates 15 A320-200s and B737-800s. All nine A320s will be removed from the fleet by October this year. With two B737s transferred to Tigerair from VA's international short-haul operations, the LCC will operate a reduced, all-Boeing narrow-body fleet of eight of the type.

"I've been saying for some time simplifying the Tiger fleet into an all-B737 platform would bring greater cost efficiencies. I am pleased we are able to complete this transition this year on the back of Tigerair's improved financial performance," said Scurrah.

In its first half, Tigerair reported a pre-tax profit of $1.3 million compared with a loss of $4.3 million a year earlier. Scurrah said the results were in line with the rationalization of the LCC.

Tigerair schedules are being withdrawn from five domestic routes which have been loss-making or clash with VA services. Scurrah refuted the suggestion downsizing of Tigerair could lead to its disappearance.

"The low-cost carrier sector is a very important part of our business. Getting it to profitability and into the simplified model we want for it to fullfil its potential is very important. If the lines of flying are profitable and it's playing a role for the group it does not matter what the fleet size is," he said.

"We are very focused on making sure we establish it as the low-cost, simple business it is going to be and should be. This [simplification] accelerates that and sets our LCC up to be a very big and important part of our future."

Scurrah's next major fleet decision is on the wide-body front. VA operates 777ERs and A330s. Both types are beginning to show their age. The situation is under review, he said. While not being specific about replacement aircraft, clearly Boeing's 787, the new B777X or the A350 are in the frame.

"The economics of the available new generation aircraft type have seen a fundamental leap in efficiency and sustainability with less fuel burn, less carbon emissions and better customer feedback," Scurrah said.

"There's a lot to like about going down that path. We have six A330s, all leased. One of the 777s is leased and the other four owned, but we look at it as one fleet.

"We have a desire to operate one type because when you have a small number of aircraft like us its sub-scale. You have to double up on costs. It's not ideal from an airline perspective."

Internationally, it is clear Scurrah sees VA's expansion coming from partnerships, such as the one with ANA. Once the virus crisis eases he pointed out China is "incredibly well served" by Singapore Airlines (SIA).

"A large number of people still do one-stop to multiple points in China and they can do that through SIA and us. And you can fly to China one-stop with ANA. So, we have options to do that and we will continue to do that," he said.

"Singapore also provides one-stop to India and we have Etihad, which serves Europe through the Gulf, and Delta in the American market. They also have a very strong presence at Tokyo Haneda. We rely heavily on partners to serve those markets. We don't necessarily have to be there in our own right."

One intriguing aspect of Scurrah's outlook, despite the current tumbling of passenger numbers across the region, is that he continues to forecast VA's revenue will remain flat in its second half, to June 30.

His explanation: "If you look at the comparative months last year it was an incredibly soft period compared with a year earlier for a number of reasons. At the back end, (May 2019) there was the national election in Australia. The 10% revenue growth of the first half virtually disappeared in the second half," he said.

"So, it was a pretty flat comparative period. We do see a US$32.8 million to US$49.1 million hit to our previously forecast earnings as a result of COVID-19. But by taking some early capacity decisions we are seeing an increase in load factor and revenue quality that helps us in that circumstance.

"Because we are predominantly leveraged in the domestic market, where it is still incredibly safe to travel in and around Australia and where there is a very strong effort by the tourism bodies at state and federal level to promote holidays at home, we are confident we are going to be able to perform to our expectations."

Scurrah said the good part of the latest results was the group's revenue performance continues to grow and its quality to improve: two positive factors for the airline going forward.

"Revenue is not our problem. We also maintained and increased our customer satisfaction. In a period of change it is quite satisfying to have achieved that and we will continue to do that," he said.

"Our operational integrity was maintained. We are still the most reliable airline in the country. But as I have said from day one, that makes us a great airline, it does not make us a great business.

"The business side is making sure our cost base is significantly lower. We are taking more steps to make sure we have a lower cost base and a lower asset base, particularly in areas that are not making money.

"There is a lot more work underway. We are very clear on the need to make our business profitable. And we can. This is a belief I am equally as sure of today as I was when I walked in the door." ■

North Asia offers unlimited potential for ATR's SKOL 42-600s

By associate editor and chief correspondent, Tom Ballantyne

Singapore's February airshow, where attendance was dented by the COVID-19 outbreak, was short on order announcements, with European turboprop manufacturer, ATR, an exception to the rule.

ATR chief executive, Stefano Bortoli, told Orient Aviation it was business as usual with orders announced for three STOL (Short Take-off and Landing) versions of its ATR 42-600 from Papua New Guinea carrier, PNG Air.

Also, Singapore-based lessor, Avation PLC, converted two purchase rights into firm orders for two ATR 72-600s. They will be leased to the biggest private airline in Bangladesh, US-Bangla. After deliveries of the two airplanes, US-Bangla will have eight of the type in its fleet.

Bortoli told Orient Aviation on the sidelines of the show the STOL aircraft were perfect for the Asia-Pacific where plenty of airports have runways that are short and/or have difficult approaches.

"The ATR 42-600 can land and take off in 800 metres with 40 passengers. This means it delivers the performance needed as well as providing a viable economic solution for airlines," he said.

ATR has forecast demand for 3,000 turboprops worldwide in the next two decades, with up to 40% of them destined for the Asia-Pacific. With regional air traffic expected to grow 4.5% a year, a significant proportion of this growth will come from route creation, with 30% of the traffic growth coming from routes that do not currently exist. ATR aircraft are proven route openers, with the -600 series averaging more than 100 new routes a year.

> Worldwide, regional aviation operates from 10%-12% to 25% of the global airline fleet. In China that percentage is 2%-3%. This is a tremendous opportunity for us and others to provide smaller airplanes to operate on second and third tier routes
>
> **Stefano Bortoli**
> ATR CEO

China could provide a major breakthrough for ATR's business. The OEM is working with Chinese regulators to validate the type certificate of the 42-600 model, Bortoli said. Close to 500 airports across the world have runways ranging from 800 to 1,000 metres that could welcome the ATR 42-600s. Nearly a third of these runways are in Asia-Pacific, including China, he said.

Bortoli also sees significant sales potential for ATRs in Japan. "So far we have sold 12 aircraft in Japan, but there is an opportunity for up to 100 aircraft. Japanese aviation has been enhancing regional connectivity on one end and on the other hand old turboprops have to be replaced," he said.

"Again, only ATR is there and it is a good fit. There are a dozen airports where only a STOL aircraft can perform. When we launched the 42 STOL we had in mind, amongst others, the needs of the Japanese community."

Commenting on congestion at major Asian hubs, Bortoli said ATR is lobbying regional authorities in countries such as Thailand and Vietnam to focus more attention on improving second and third tier airports and their infrastructure.

"Opening up existing military airports to regional commercial aircraft would definitely be a successful strategy. We are supporting a number of newcomers to market as well as existing airlines to rethink the way they are operating," he said.

"They have grown bigger and moved into international, forgetting about domestic transportation. We think a mixed model, with regional connectivity, is essential for countries that want to gradually develop their communities."

Last year, ATR introduced a military-grade option on its -600. The ClearVision™ Enhanced Vision System (EVS) uses an external camera to display an augmented outside view in real-time to a head-mounted visor worn by the pilot.

EVS significantly improves a pilot's vision, allowing planes to see and land even in fog conditions. ATR said it will enhance flight safety and significantly improve on-time performance but eliminate many flight cancellations caused by poor visibility. ■

Liberated from the politics of Thai aviation

Former chief executive of Thailand's Nok Air, Patee Sarasin, has written a "tell all" book about his time in the airline business and his turbulent relationship with the LCC's majority owner, Thai Airways International. He spoke to associate editor and chief correspondent, Tom Ballantyne, in Singapore.

There is one question former Nok Air CEO, Patee Sarasin, answers without a moment of hesitation. Would he ever run an airline again? "Definitely not. I had 14 years. Have been there and done that. I don't want to run another airline," he said.

"I don't want to go backwards and start over. Do I miss it? Yes. But I don't think missing it is enough to make me want to go back into it."

Now running a travel agency, Really Really Cool, that was launched 18 months ago and will soon go online, the colourful former Nok Air boss has written a book, Smiling Through Turbulence, which charts his time at the carrier.

In the autobiography, Patee lays bare his sometimes controversial airline career, including his frequently shaky relationship with the management of the LCC's majority owner, Thai Airways International (THAI).

"In the first 12 months, I would say Nok Air had a good working relationship with THAI. Sadly, the situation changed to the point of a breakdown in communication between the two sides," he told Orient Aviation last month.

"Thai Airways' top management kept changing due to politics. The flag carrier is a publicly listed company, but it is majority-owned by Thailand's ministry of finance. The volatile political landscape in Thailand – namely successive changes in government, some due to military coups – flowed through to the national carrier. There were changes of chairpersons and presidents in quick succession."

Patee said each THAI leader had a different view about Nok Air and the LCC business. "These new people never had a channel to properly understand what Nok Air was about. Their views were shaped by what they read in the newspapers," he said.

"The media preferred to write that low-cost carriers such as Nok Air were a competitive threat to legacy airlines such as THAI. Because of this perception, created by the news media, people at Thai Airways, including the new chairpersons and incoming presidents, started to view us as competition."

He said for two separate parties to work well together

there needs to be a shared vision between managements from both sides and they need to communicate and continually reinforce that shared vision.

"If you look at successful low-cost airlines such as Qantas Airways Jetstar and Singapore Airlines Scoot, they get along with their airline parents. They also had senior people at the full-service carriers who came from their low-cost airlines.

"Qantas Airways CEO, Alan Joyce, was previously CEO of Jetstar. Campbell Wilson, Singapore Airlines senior vice president sales and marketing, was previously CEO of Scoot (last month he was reappointed by SIA to head Scoot for a second time.). Obviously, these senior people were looking out for the low-cost carrier in the larger airline organization."

> *"One of the biggest mistakes we made was to meet with Rusdi Kirana, president director of Lion Air. I now look back on that period in my life and wonder to myself 'why did we meet Rusdi?'*
>
> *"We had known for quite some time Lion Air wanted to establish an airline in Thailand.*
>
> *"We thought Lion Air was going to come in a big way, then we started talking to them about the possibility of partnering. But talking to Lion proved to be a big mistake. Rather than partner with Nok Air, Lion established Thai Lion Air which came into the Thai domestic market and sparked a price war. Lion entered the Thai market not to take on Nok Air, but to compete against AirAsia.*
>
> *"Rusdi and AirAsia's Tony Fernandes are rivals and sadly for Nok Air, we became collateral damage in a battle between the AirAsia Group and the Lion Air Group for market dominance in Southeast Asia."*
>
> **Patee Sarasin, former Nok Air CEO**

Born in Bangkok to a prominent political family and educated in the UK and the U.S., Patee co-founded Nok Air in 2004 and was CEO until he stepped down in September 2017. During that time, his challenges included industrial action by a small group of pilots in 2016 that attracted a storm of negative publicity. The offended pilots objected to the LCC's introduction of more stringent auditing of cockpit crew qualifications.

Eight years earlier, Nok Air was on the brink of collapse in the months leading to the Global Financial Crisis, Patee said. Sky high fuel prices meant the Don Mueang-based carrier's financials were spiraling out of control, he said. "We had been losing money in 2007 when crude oil prices were around $70 a barrel, but the higher fuel prices in 2008 exacerbated the problem," he said.

"It reached the point in late 2008, as oil prices topped $140 a barrel, when we were on the brink of collapse. The airline was losing US$100,000 a day, which was a lot of money for a small privately-owned carrier.

"We only had cash to last a few more weeks. It was the collapse of Lehman Brothers in September 2008 and the ensuing global financial crisis that saved us because suddenly oil prices plummeted." ■

MRO & COMPONENTS

ST Engineering and Vietnam Airlines explore joint MRO venture

Singapore and Vietnam are coming together in a joint airframe MRO venture planned to satisfy demand for Asia-Pacific MRO services.

ST Engineering and **Vietnam Airlines** are progressing towards establishing the joint venture at Vietnam's two major airports, Noi Bai International Airport in Hanoi and Ho Chi Minh City's Tan Son Nhat International Airport.

Vietnam Airlines president and CEO, Duong Tri Thanh, said: "the establishment of a joint venture will bring more aircraft and added value to Vietnam. Likewise, it will improve the technical level of the domestic aircraft maintenance industry and the competitiveness of the national airline.

"Together with ST Engineering and other potential airline partners around the world we believe this joint venture will stimulate and strengthen the Vietnamese job market and aviation industry."

"This is an exciting time for us given the Asia-Pacific is a focus market for ST Engineering. Following the setting up of our first component MRO facility in Vietnam in September last year, this new joint venture will help expand our offerings to include component and airframe MRO for our customers," **ST Engineering president aerospace sector, Lim Serh Ghee**, said.

"Collaboration with trusted customers like Vietnam Airlines will be a strong factor contributing to our success as we continue to increase our network of facilities to capture opportunities in the region." ST Engineering is the largest commercial airframe MRO provider by maintenance man hours in the world. ■

THAI moves closer to partnership in U-Tapao MRO facility

Thai Airways International (THAI) president, Sumeth Damrongchaitlam, said last month additional working groups had been established to determine the joint venture private investors in the proposed MRO facility at U-Tapao. THAI is the project manager for the planned MRO development.

A short list of candidates had to submit their final offers by March 6 to the THAI working committees with the chosen candidates in the venture to be announced in May 2020. The MRO facility is a critical component of the Thai government's Eastern Economic Corridor plan. ■

SIA Engineering sets up line maintenance joint venture in Korea

SIA Engineering Co. Ltd (SIAEC) and Air Innovation Korea Co. Ltd (AIK) have established a six-year 51%-49% line maintenance venture that will commence operations at **Korea's Cheongju International Airport** this month.

The line management partnership was formed to support inventory management, component pooling and repair and overhaul management of the A320ceo and neo fleet of new airline, **Aero-K Airlines**. The LCC's strategy is to serve destinations in the region, including China, with its launch planned for this month, a date expected to change as a result of the coronavirus.

Aero-K, formerly KAIR Airlines, said it planned to operate four A320s by year-end and have a fleet of 15-20 airplanes within five years. ■

TRAINING

Korean Aviation College purchases ALSIM simulator for cockpit crew training

Leading Korean pilot academy, **Korean Aviation College (KAC) Flight Training College**, has bought an **ALSIM AL172 simulator**, an exact replica of the Cessna 172 SP Skyhawk NAV111.

It features real Garmin G1000 NXI avionics and ALSIM's High Definition Visual System.

Established in 1994, ALSIM's Federal Aviation Administration and European Aviation Safety Agency certified simulators are installed with 300 customers in 50 countries. ■

Malaysia Airlines Group selects CPaT Global for crew distance learning

Malaysia Airlines Group (MAG) has contracted airline and aviation distance learning specialist, **CPaT Global**, to provide its airlines with e-learning aviation training solutions. The Texas-headquartered e-learning academy will tailor e-training courses at **Malaysia Airlines Berhad** and its in-house training academy, **Firefly**, **MASwings**, **Amal**, **MABkargo** and **AeroDarat Services**.

The CPaT global training program will include distance learning, interactive aircraft diagrams and learning management systems for 737s, 747s, A330s and A350s, ETOPS, Performance Based Navigation, Required Navigation Performance and security courses. ■

AIRPORTS

Bamboo Airways chooses Munich for direct flights

Emerging Vietnamese carrier, **Bamboo Airways** has signed a Memorandum of Understanding with **Munich Airport** to launch direct routes from the German city to Hanoi and Ho Chi Minh City.

The hybrid carrier's strategy includes development of a European network with its first direct connecting service between Vietnam and Prague planned to commence by March 31, subject to the impact of the coronavirus.

Owned by Vietnam's **FLC Group**, the airline is serving Prague twice a week from Hanoi since it has commenced receiving its 787s. It intends to launch Vietnam-Germany in July, initially with twice a week flights between Ho Chi Minh City and Munich and once a week from Hanoi.

The **Vietnam National Administration of Tourism** said 2.168 million Europeans visited Vietnam in 2019, including 226,792 German visitors, a number that is increasing by 6% a year. ■

CABIN

Sony wins All Nippon Airways contract for first class headphones

All Nippon Airways (ANA) will make Sony's noise-cancelling WH1000XM3 headphones available to first class passengers on international flights following their success with premium passengers on its A380 Flying HONU routes.

The headphones will be available to the airline's first class passengers travelling from Tokyo to Chicago, Frankfurt, Honolulu, Houston, London, Los Angeles, New York, San Francisco and Washington D.C.

The Sony headphones have a built-in"NC Optimizer" function that optimizes sound quality according to changes in atmospheric pressure, ANA said.

ANA executive vice president, Hideki Kunugi, said the airline was "proud our close relationship with Sony makes it possible for us to have the latest technology available for ANA passengers". ■

Recaro Aircraft Seating equips Vistara's first 787

The economy and premium economy cabins of Indian carrier Vistara's first 787 are configured with Recaro Aircraft Seating's top selling aircraft seats, the premium economy PL3530 and the economy CL3710.

"Recaro is always looking to expand its footprint and this is a fantastic opportunity to collaborate with a new partner, Recaro CEO and shareholder, Dr. Mark Hiller, said.

"There can be a lot of challenges when entering a new market, but having a strong partner can make all the difference."

Vistara chief commercial officer, Vinod Kannan, said: "We are delighted to collaborate with Recaro to bring economy and premium economy products of global standards on India's first 787-9 aircraft that further cements our proposition of offering a five star flying experience to our customers." ■

GDS TECHNOLOGY

Sabre and MIAT Mongolian Airlines do deal for Market Intelligence solution

Mongolia's MIAT Mongolian Airlines has negotiated a long-term agreement with **Sabre Corporation** to supply the flag carrier with Sabre's Market Intelligence Global Demand Solution.

MIAT president and CEO, Battur Davaakhuu, said: "Our plans to grow our fleet and routes, our passenger numbers and our revenue are directly in line with the exponential growth the country's tourism industry is currently witnessing.

"To realize our objectives, we must leverage the most innovative platforms. This is why we selected Sabre Global Demand Data to ensure we have accurate and complete information at our fingertips."

The Sabre solution offers a database of origin and destination traffic for airline markets worldwide that will support MIAT's expansion strategy.

Sabre Travel Solutions North Asia president and regional general manager, Dasha Kuksenko, said: "the solution helps airlines to identify revenue opportunities as a result of having crucial innovative tools necessary to make intelligent, data-driven decisions." ■

Travelport wins new business from eight Pacific carriers and extends agreement Malaysia Airlines

Global travel technology company, **Travelport**, has won long-term contracts from eight Australian and Pacific carriers to provide them with real-time access to 68,000 travel agencies.

The airlines are Air Chathams (New Zeland), Air Corporate (Australia), Air Vanuatu, Air Tahiti Nui, Fly Pelican (Australia), Regional Express (Australia), Samoa Airways and Solomon Airlines.

Travelport vice president Asia-Pacific, Air Partners, Chris Ramm, said: "The increasing appeal of the Pacific to global travelers has given us great confidence to further explore this region."

Early this month, Travelport and the Malaysia Airline Group (MAG) confirmed their deepening association with the airline group's commitment to a multi-year content agreement for Travelport Rich Content and Branding and the Digital Media Solution.

Malaysia Airlines chief marketing and customer experience officer, Lau Yin May, said: "At Malaysia Airlines customer experience is our centre of gravity and technology is a big part of the service offering." ■